

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 415 - SB 542

March 11, 2015

SUMMARY OF BILL: Prohibits the Bureau of TennCare's contracted health plans from denying any licensed pediatric dentist the right to participate in the established provider network or restrict the right of any eligible enrollee to choose any dentist who has chosen to be a participating provider in the established provider network. The provisions of the bill become effective January 1, 2016.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$628,400/FY15-16
\$1,256,900/FY16-17 and Subsequent Years**

**Increase Federal Expenditures – \$1,168,900/FY15-16
\$2,337,800/FY16-17 and Subsequent Years**

Assumptions:

- The Bureau of TennCare (Bureau) changed the dental benefits manager (DBM) vendor in 2013. The new contract vendor does not include 14 pediatric dental providers in the provider network that were previously included as a TennCare dental provider. These 14 providers will be reinstated into the provider network due to the provisions of the bill.
- The Bureau reports that total payments to the 14 pediatric dental providers who are no longer included in the provider network were \$5,293,254 for the final year of services delivered under the contract (October 1, 2012 through September 30, 2013).
- Total payments to eight new pediatric dentists in the provider network under the new contract vendor were \$1,610,209 for the first year of the services delivered under the new contract (October 1, 2013 through September 30, 2014).
- The difference in payments to the previous 14 providers and the 8 new providers is \$3,683,045 (\$5,293,254 - \$1,610,209).
- Due to changes in the dental fee schedule, the possible increase in expenditures is estimated to be 97.6 percent of the savings realized in the first year or \$3,594,652 (\$3,683,045 x .976).
- TennCare expenditures are funded by state funds at a rate of 34.965 percent and federal funds at a matching rate of 65.035 percent; therefore, the annual increase in state expenditures is estimated to be \$1,256,870 (\$3,594,652 x .34965) and in federal expenditures is estimated to be \$2,337,782 (\$3,594,652 x .65035).

- Since the effective date of the bill is January 1, 2016, the fiscal impact in FY 15-16 will only be for six months resulting in FY15-16 state expenditures of \$628,435 ($\$1,256,870 \times .50$) and federal expenditures of \$1,168,891 ($\$2,337,782 \times .50$).

IMPACT TO COMMERCE:

**Increase Business Revenue – \$1,797,300/FY15-16
\$3,594,600/FY16-17 and Subsequent Years**

**Increase Business Expenditures – Less Than \$1,797,300/FY15-16
Less Than \$3,594,600/FY16-17 and Subsequent Years**

Assumptions:

- Since the increase in state and federal expenditures of \$3,594,600 is based solely on claims payments, it is reasonably estimated that these expenditures would be increased annual revenue to the 14 pediatric dental providers who would be reinstated as TennCare network providers as a result of the bill.
- These 14 dental providers will incur business expenditures to provide pediatric dental services to TennCare enrollees. It is assumed that expenditures incurred will be less than the revenue realized from claims payments in order for the provider to remain solvent.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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